



# STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

*Kenny C. Guinn, Governor*

*Allen Biaggi, Director*

*Leo M. Drozdoff, P.E., Administrator*

December 18, 2006

**NOTICE OF FINAL DECISION  
RECLAMATION PERMIT NO. 0258  
MGC RESOURCES, INC.  
SPRING VALLEY EXPLORATION PROJECT**

The Nevada Division of Environmental Protection (NDEP) Bureau of Mining Reclamation & Regulation (BMRR) has decided to issue a Reclamation Permit, No. 0258, for an Exploration Project to MGC RESOURCES, INC. This permit authorizes MGC RESOURCES, INC. to reclaim the SPRING VALLEY EXPLORATION PROJECT. This Project is located in Pershing County, Nevada. The Division has been provided with an application, in accordance with Nevada Revised Statute (NRS) and Nevada Administrative Code (NAC) 519A to assure the Division that MGC RESOURCES, INC. will leave the project site safe, stable, and capable of providing for a productive post-mining land use.

This permit will become final December 29, 2006. The final determination of the Administrator may be appealed to the State Environmental Commission pursuant to NAC 519A.415. The appeal must be filed by December 28, 2006 and in accordance with Administrative rules of the Environmental Commission.

NDEP received the following comments from Great Basin Mine Watch, on December 8, 2006 (Great Basin Mine Watch comments are in quotations and NDEP/MGC Resources, Inc. responses are in **bold**):

"Great Basin Mine Watch is concerned that the Spring Valley area has already been heavily impacted by mining. We urge you to be mindful of the potential for increased insults upon that land and the watershed."

MGC Resources, Inc. is required to comply with Nevada Administrative Code 519A Reclamation of Land Subject to Mining Operations and Exploration Projects during and after completion of the project by reclaiming any new disturbances. Previous disturbances are exempt from these regulations. The NAC 519A Regulations only authorize NDEP BMRR to ensure proper reclamation of exploration and mining projects to provide for a productive post-mining land use and to ensure adequate bonding to cover the costs of reclamation. The NAC 519A Regulations do not regulate the operation of exploration sites or where exploration site disturbances can be located, just the control of erosion and sediment loading to surface water and proper plugging of drill holes, in addition to the aforementioned proper reclamation and adequate bonding of exploration sites.

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"Since there are new roads proposed for this exploration we expect that you will require measures to minimize soil erosion and sediment runoff in the nearby watershed. Thus, there should be an investigation of the water resource impacts including affected aquatic species, especially if threatened or endangered."

MGC Resources, Inc. stated that they will utilize overland travel and existing roads to access the Project Area to the greatest extent practicable and that newly constructed roads will be the minimum width needed for safe operations and will follow contours where possible to minimize cut and fill methods (Section 1.6, pg. 4; and Section 2.1, pg. 8).

MGC Resources, Inc. stated that if any drainages are disturbed, they will be re-shaped to approach the pre-construction contours. The resulting channels will be of the same capacity as up and downstream reaches and will be made to prevent erosion by use of surface stabilization techniques (rip-rap) where necessary, and ultimately revegetated (Section 2.3, pg. 10). Artificial wetlands have formed around the uncapped artesian wells within the Project Area. MGC will continue water sampling at the wells, otherwise these wetland areas would be avoided by all other Project-related activities (Section 2.5, pg. 10).

"It is not clear from the notice if there is to be any pumping of groundwater, and what water resources will be used locally. There should be constraints on groundwater use, and its subsequent treatment."

Details of the proposal are included in the Reclamation Plan mentioned in the Notice of Intent. We encourage you to review the Reclamation Plan during the comment period for details on the exploration project prior to submitting written comments regarding items that have been covered in the Reclamation Plan. MGC Resources, Inc. intends to apply for a waiver to drill a water well for mineral exploration purposes in the southwest quarter of Section 35, T 29N, R 34 E, from the Nevada Division of Water Resources (Section 1.7.1, pg. 5). This water well will have to be properly abandoned, pursuant to Nevada Administrative Code 534 Underground Water and Wells. The Division of Water Resources is the agency that regulates groundwater usage so please forward your comments, which pertain to groundwater usage, to them.

"Great Basin Mine Watch also suggests that you and the project consult with the local tribal governments to determine the extent of indigenous culture sites that may be impacted by the exploration. If there are cultural sites in that area then there needs to be an alternative that avoids impacting those site as well."

NDEP BMRR does not consult with tribal governments during the review of Reclamation Permit Applications. It is not within our purview to evaluate the impacts of exploration or mining on cultural sites. BLM and the State Historic Preservation Office are the agencies that regulate the conservation of cultural sites. However, MGC Resources, Inc. stated that all of the public land within the Project Boundary has been covered by a cultural survey. MGC Resources, Inc. will also conduct cultural resource surveys, to BLM standards, prior to creating new surface disturbance on private land. MGC Resources, Inc. stated that they will immediately notify the BLM-authorized officer upon the discovery of any human remains, funerary objects, sacred objects, or objects of cultural patrimony. The operator will immediately stop all activities in the vicinity of the discovery and not commence work again for 30 days or when notified to proceed by the BLM-authorized officer. MGC will not

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knowingly disturb, alter, injure, or destroy any scientifically important paleontological deposits; or any historical or archaeological site, structure, building or object. If MGC Resources discovers any cultural or paleontological resource that might be altered or destroyed by operations, the discovery will be left intact and reported to the authorized BLM officer. Cultural and paleontological resources will not knowingly be disturbed, altered, or destroyed (Section 1.6, pg. 5).

"Use of toxic and hazardous materials that may require clean-up should be assessed as well: how can their use be minimized, and whether there are alternative materials that can be used which are less toxic."

NDEP BMRR does not have purview over the types of toxic or hazardous materials that are used at an exploration site or whether they can be minimized. That is a function of the Nevada Small Business Development Center Business Environmental Program. However, MGC Resources Inc. stated that they will only use nontoxic drilling fluids in the drilling process (Section 1.6, pg. 4). In the event hazardous or regulated materials, such as diesel fuel, were spilled, measures would be taken to control the spill, and the BLM, NDEP, and/or the Emergency Response Hotline would be notified ... If any oil, hazardous material, or chemicals are spilled during operations, they would be cleaned up in a timely manner. After cleanup, the oil, toxic fluids, or chemicals and any contaminated material would be removed from the site and disposed of at an approved disposal facility (Section 2.10, pg. 12).

"Finally, we recommend that the project, if permitted, gather as much geochemical and hydrological data without extending the impacts of the project on the environment. This data will prove valuable in assessing potential future mining in the area."

Artificial wetlands have formed around the uncapped artesian wells within the Project Area. MGC Resources, Inc. will continue water sampling at these wells. Otherwise, these wetland areas would be avoided by all other Project-related activities (Section 2.6, pg. 10). Well log reports will be completed for the drill holes and wells within the project area, pursuant to Nevada Administrative Code 534 Underground Water and Wells.

#### **NAC 519A.415 Appeals to commission.**

##### **1. Any person aggrieved by:**

(a) The issuance, denial, renewal, suspension, modification, condition or revocation of a permit; or

(b) The issuance, modification or rescission of any other order,  
by the state department of conservation and natural resources may appeal to the commission.

2. Any person who requests a hearing before the commission concerning a final decision of the department pursuant to chapter 519A of NRS may do so by filing a request, within 10 days after notice of the action of the department, on form 3\* with the State Environmental Commission, 901 S. Stewart St. Ste. 4001, Carson City, Nevada 89701.

3. The provisions of NAC 445B.875 to 445B.899, inclusive, apply to a hearing of the state environmental commission requested pursuant to subsection 1.

4. The commission will affirm, modify or reverse any action of the department, which is appealed to it.

\*(See adopting agency for form.)

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